

## Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 AGR-03 CEA-01 CIAE-00 COME-00 DODE-00

EB-03 FRB-01 H-01 INR-09 INT-01 L-02 LAB-01 NSAE-00

NSC-07 PA-01 RSC-01 AID-05 CIEP-01 SS-14 STR-01

TAR-01 TRSE-00 USIA-04 PRS-01 SP-02 FEAE-00 OMB-01

SWF-01 DRC-01 /074 W  
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R 042045Z OCT 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 4423

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LIMA

UNCLAS LA PAZ 6443

LIMA FOR FERREE

E.O. 11652: N/A

TAGS: ENRG, EMIN, ETRD, ECOM, AR, BL, BL

SUBJ: ARGENTINE-BOLIVIAN ACT OF COOPERATION AND COMPLEMENTATION  
CULMINATES SERIES OF GOB-GOA AGREEMENTS

REF: A) LA PAZ 6066; B) LA PAZ A180 C) LA PAZ A-110 D) LA PAZ A-187  
OCTOBER 4, 1974

SUMMARY AND COMMENT. GOB HAS REACHED SERIES OF BI-LATERAL AGREEMENTS  
WITH GOA WHICH APPEAR TO CURE WHAT MANY BOLIVIANS SAW AS AN IMBALANCE  
IN BOLIVIA'S ECONOMIC AND POLITICAL RELATIONS IN FAVOR OF BRAZIL.  
FIRST, AGREEMENT WAS FINALLY REACHED ON MIXED INVESTMENT IN  
PESTICIDES PLANT UNDER LAFTA COMPLEMENTATION AGREEMENT NO. 6 (SEE  
REFS A & B). SECOND, AND AGREEMENT WAS FINALLY REACHED ON THORNY  
QUESTION OF PAST, PRESENT AND FUTURE ARGENTINE WHEAT AND FLOUR  
SUPPLIES FOR BOLIVIA. CURRENT UNDERSTANDING, IF FULFILLED, WOULD  
COVER BOLIVIAN REQUIREMENTS UP TO MARCH 1975 AND PERHAPS SOMEWHAT  
BEYOND. ACCORDING TO RELIABLE SOURCE GOA AGREED TO 10,000 M.T.

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WHEAT DONATION AS WAY OF LOWERING EFFECTIVE PRICE ON ALL WHEAT

AND FLOUR COVERED BY UNDERSTANDING WITHOUT COMPROMISING GOA'S CURRENT POLICY OF STICKING TO INTERNATIONAL MARKET PRICES FOR WHEAT AND FLOUR. (IT SHOULD BE RECALLED, HOWEVER, THAT GOA HAD AGREED IN MID-1973 TO GIVE BOLIVIA 10,000 M.T. WHEAT.)

1. LEOPOLDO H TETTAMANTI, ARGENTINE SECRETARY OF STATE OF ECONOMIC RELATIONS AND INTERNATIONAL COMMERCE, AND BOLIVIAN SUBSECRETARY OF FOREIGN AFFAIRS MARCELO OSTRIA TRIGO SIGNED SUBJECT ACT ON SEPTEMBER 24, 1974 IN BUENOS AIRES. THIS ACT AMOUNTS TO 16-POINT LETTER OF INTENT BY BOTH COUNTRIES TO CARRY OUT CERTAIN PROJECTS. SOME OF MOST IMPORTANT POINTS ARE PROMISE BY ARGENTINA TO HELP BOLIVIA INSTALL IRON-STEEL WORKS TO SUPPLY BOTH COUNTRIES AND INTERNATIONAL MARKETS. ARGENTINA TO PURCHASE ANNUAL MINIMUM OF METRIC TONS 1,000,000 OF IRON CONCENTRATES AND/OR PELLETS: 900,000 OF SPONGE IRON: 300,000 SEMI-FINISHED STEEL PRODUCTS

AND 400,000 OF FINISHED STEEL PRODUCTS. BOLIVIA PROMISES TO SELL ARGENTINA 282.52 MILLION CUBIC FEET PER DAY OF NATURAL GAS FROM PRESENT RESERVES FOR 10 YEAR PERIOD AND 282.52 MILLION CUBIC FEET PER DAY FOR 10 YEARS FROM YET TO BE DISCOVERED RESERVES. ARGENTINA NATIONAL OIL COMPANY Y.P.F. TO FINANCE Y.P.F.B. TO EXPLORE AND EXPLOIT HYDROCARBONS IN STILL UNDECIDED AREA OF BOLIVIA. IN ADDITION ARGENTINA-BOLIVIAN BI-NATIONAL NITROGENOUS FERTILIZER PLANT WITH DAILY OUTPUT CAPACITY OF 1,000 METRIC TONS EACH OF AMMONIA AND UREA TO BE INSTALLED IN BOLIVIA CLOSE TO ARGENTINE BORDER.

2. TETTAMANTI ALSO SIGNED AGREEMENT WITH BOLIVIAN UNDERSECRETARY FOR COMMERCE LANDIVAR FOR SUPPLY OF ARGENTINE WHEAT AND WHEAT FLOUR TO BOLIVIA. SUBJECT HAS BEEN POINT OF FRICTION BETWEEN TWO GOVERNMENTS AND LAST YEAR CAUSE OF SEVERE FLOUR SHORTAGES IN BOLIVIA. IN RECENT MONTHS TWO SIDES HAVE BEEN MOVING TOWARD PRACTICAL ARRANGMENT. WE UNDERSTAND THAT, FIRST, NEW AGREEMENT ESTABLISHES GOB GUARANTEE OF EXISTING PRIVATE CONTRACTS BETWEEN BOLIVIAN BUYERS AND ARGENTINE SELLERS FOR PURCHASE OF 42,000 METRIC TONS FLOUR TO BE SHIPPED OVER NEXT SIX MONTHS AT US\$ 240 PER TON, FOB ARGENTINE PORTS. SECOND, GOVERNMENTS AGREED TO SALE OF FURTHER 48,000 TONS OF FLOUR DURING UNSPECIFIED FUTURE PERIOD AT SAME US\$ 240.-PRICE. THIRD, GOA AGREED TO SELL 30,000 TONS OF WHEAT AT US\$ 165 PER TON. FOURTH, GOA WILL DONATE 10,000 UNCLASSIFIED

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TONS WHEAT AS SPECIAL CONCESSION. AGREEMENT SPELLS OUT TRANSPORTATION ARRANGMENT WITH CARE IN HOPE OF AVOIDING PROBLEMS OF LAST YEAR. STEDMAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, WHEAT, AGREEMENTS, TRADE, PESTICIDES, INSECTICIDES, INDUSTRIAL PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 OCT 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974LAPAZ06443  
**Document Source:** CORE  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740283-0814  
**From:** LA PAZ  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741073/aaaackbd.tel  
**Line Count:** 111  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** A) LA PAZ 6066: B) LA PAZ A180 C) LA  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 MAR 2002 by chappeld>; APPROVED <12 FEB 2003 by CollinP0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ARGENTINE-BOLIVIAN ACT OF COOPERATION AND COMPLEMENTATION CULMINATES SERIES OF GOB-GOA AGREEMENTS  
**TAGS:** ENRG, EMIN, ETRD, ECON, AR, BL, BR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005